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Illinois Bell Telephone Company

CHIEF CLERK'S OFFICE

Complainant,

vs.

Docket No. 02-0443

MCI WorldCom Communications, Inc.,
MCImetro Access Transmission
Services, LLC, and MCI WorldCom
Communications, Inc. f/k/a MFS Intelenet,

Respondents.

**MCI COMPANIES' VERIFIED ANSWER AND AFFIRMATIVE DEFENSES
TO AMERITECH ILLINOIS' FIRST AMENDED COMPLAINT**

Respondents MCI WorldCom Communications, Inc. ("MCI Communications"),
MCImetro Access Transmission Services, Inc. ("MCImetro"),¹ and MCI WorldCom
Communications, Inc. f/k/a MFS Intelenet ("MCI/MFS") (hereafter referred to
collectively as "MCI"), by and through one of their attorneys, for their Verified Answer
to the First Amended Complaint ("Ameritech Complaint" or "complaint") of Illinois Bell
Telephone Company (hereafter "Ameritech Illinois") in the above-captioned matter, state
as follows:

¹ Ameritech's original complaint incorrectly identified MCI WorldCom Communications, Inc. ("MCI WCOM") as the respondent. MCImetro Access Transmission Services, Inc. ("MCImetro") is the entity that provides local service to residential and small business customers in Illinois. Since the allegations in Ameritech's Complaint appear to focus solely on residential local services, MCImetro is appropriate respondent. On July 3, 2002, Ameritech filed an its First Amended Complaint in which it names both MCImetro Access Transmission Services, LLC, MCI WCOM, and MCI WCOM f/k/a MFS Intelnet ("MCI/MFS") as respondents, based on assertions contained in MCI's Response to Ameritech's Request for Emergency Relief. MCI inadvertently referred to MCImetro Access Transmission Services, LLC instead of MCImetro Access Transmission Services, Inc. in that document. MCI does not object to Ameritech's Complaint being amended to name MCImetro Access Transmission Services, Inc., but does

I. THE PARTIES

1. Ameritech Illinois has offices at 225 West Randolph Street, Chicago, Illinois 60601 and is a local exchange carrier authorized by the Commission to provide local exchange services in Illinois.

ANSWER: On information and belief, MCI admits the allegations of Paragraph 1.

2. MCI Communications, MCImetro and MCI/MFS are corporations duly authorized to do business in the State of Illinois, and are subject to the jurisdiction of the Commission. They have their principal Illinois offices at 205 North Michigan Avenue, Chicago, Illinois 60601. They are telecommunications carriers providing service throughout the State of Illinois, and are authorized to provide both interMSA and intraMSA services.

ANSWER: MCI admits that MCI Communications and MCImetro are corporations duly authorized to do business in the State of Illinois, and are subject to the jurisdiction of the Commission. MCI admits that MCI Communications and MCImetro have their principal Illinois offices at 205 North Michigan Avenue, Chicago, Illinois 60601. MCI admits that MCI Communications and MCImetro are telecommunications carriers providing service throughout the State of Illinois, and are authorized to provide both interMSA and intraMSA services. MCI denies the remaining allegations of Paragraph 2.

3. Ameritech Illinois, MCI Communications, MCImetro and MCI/MFS are telecommunications carriers authorized by the Commission to provide intraMSA services in Illinois pursuant to 220 ILCS 5/13-202 and 5/13-203.

ANSWER: MCI admits that MCI Communications and MCImetro are telecommunications carriers within the meaning of Section 13-202 of the IPUA and that each provides telecommunications service within the meaning of Section 13-203 of the IPUA. MCI denies the remaining allegations of Paragraph 3.

not believe based on the allegations that MWCOM is properly named as a respondent. For purposes simplicity and clarity, this Answer refers to MCImetro Access Transmission Services, Inc.

II. FACTS

4. Ameritech Illinois frequently receives end-user complaints regarding the conduct of its competitors. These complaints include, among other things, allegations of misleading sales and marketing practices and slamming (unauthorized carrier changes).

ANSWER: MCI lacks knowledge or information sufficient to form a belief as to the truth of the allegations of Paragraph 4 and therefore denies them.

5. Approximately a year ago, Ameritech Illinois became aware that a significant and growing number of end-user complaints were directed to the conduct of WorldCom. The majority of the complaints addressed two subjects: slamming and misleading sales practices.

ANSWER: MCI lacks knowledge or information sufficient to form a belief as to the truth of the allegations of Paragraph 5 and therefore denies them. Responding further, MCI specifically denies that it has engaged in slamming or misleading sales practices.

6. As a result of the mounting number of end-user complaints, on February 25, 2002, Ameritech Illinois sent WorldCom another letter, requesting that WorldCom take steps to correct the conduct of its agents and/or employees and to provide Ameritech Illinois with evidence of proper authorization for several carrier changes that end-users had alleged to be unauthorized. Ameritech Illinois identified specific customers as examples of the complaints it had received. (Attachment 1).

ANSWER: MCI admits that Ameritech Illinois sent MCI a letter dated February 25, 2002, and that a copy of that letter is appended to the First Amended Complaint as Attachment 1. MCI respectfully refers the Commission to Attachment 1 itself for an accurate statement of the content of that letter and denies the summary characterization of that letter contained in Paragraph 6. Answering further, MCI specifically denies that Ameritech Illinois identified specific customers in its February 25, 2002 letter or the attachment that the letter references, and denies the allegations contained in Attachment 1, and denies the remaining allegations of Paragraph 6.

7. On March 14, 2002, WorldCom sent Ameritech Illinois a response to the February 25 letter. WorldCom refused to acknowledge any problems on its part, even

though WorldCom conceded that it had also received complaints from seven of ten Illinois customers that Ameritech Illinois' letter had identified. WorldCom refused to provide any evidence of proper authorization of carrier changes for the consumers who said they had been slammed. (Attachment 2).

ANSWER: MCI admits that it responded to Ameritech Illinois' February 25, 2002 letter by letter dated March 14, 2002, and also admits that a copy of that March 14, 2002 letter is appended to the First Amended Complaint as Attachment 2. MCI respectfully refers the Commission to Attachment 2 itself for an accurate statement of the content of that letter and denies the summary characterization of that letter contained in Paragraph 7. Answering further, MCI denies the remaining allegations of Paragraph 7.

8. On June 25, 2002, Ameritech Illinois again wrote to WorldCom, demanding that WorldCom take action to remedy its slamming and misleading sales practices. (Attachment 3).

ANSWER: MCI admits that Ameritech Illinois sent MCI a letter dated June 25, 2002, and that a copy of that letter is appended to the First Amended Complaint as Attachment 3. MCI respectfully refers the Commission to Attachment 3 itself for an accurate statement of the content of that letter and denies the summary characterization of that letter contained in Paragraph 8. Answering further, MCI specifically denies the allegations contained in Attachment 3, denies having ever received a letter dated November 28, 2001 that the June 25, 2002 references, and denies the remaining allegations of Paragraph 8.

9. On June 26, 2002, WorldCom responded to Ameritech Illinois' June 25 letter. WorldCom offered no concrete measures to address the slamming and misrepresentation problems, essentially offering only to discuss Ameritech Illinois' allegations. (Attachment 4).

ANSWER: MCI admits that it responded to Ameritech Illinois' June 25, 2002 letter by letter dated June 26, 2002, and also admits that a copy of that June 26, 2002 letter is

appended to the First Amended Complaint as Attachment 4. MCI respectfully refers the Commission to Attachment 4 itself for an accurate statement of the content of that letter and denies the summary characterization of that letter contained in Paragraph 9.

Answering further, MCI denies the remaining allegations of Paragraph 9.

10. Between November 28, 2001 and May 31, 2002, Ameritech Illinois logged 949 end-user complaints regarding WorldCom's conduct. The majority of the WorldCom complaints (640 complaints) included allegations of slamming. These slamming allegations, which are one of the bases of this Complaint, all reflect unauthorized changes in customers' local exchange service.² (Attachment 5).

ANSWER: MCI lacks knowledge or information sufficient to form a belief as to the truth of the allegations of Paragraph 10 and accompanying Attachment 5 and Footnote 1 and therefore denies them. Responding further, MCI specifically denies that it has engaged in slamming or misleading sales practices, or that there is any underlying factual basis for Ameritech Illinois' First Amended Complaint.

11. A significant minority of the complaints regarding WorldCom's conduct (309) alleged that WorldCom made misleading claims during telemarketers' sales calls. (Attachment 5).

ANSWER: MCI lacks knowledge or information sufficient to form a belief as to the truth of the allegations of Paragraph 11 and accompanying Attachment 5 and therefore denies them. Responding further, MCI specifically denies that it has engaged in slamming or misleading sales practices, or that there is any underlying factual basis for Ameritech Illinois' First Amended Complaint.

12. The number of local service complaints regarding WorldCom is substantially greater than the number directed to any other carrier. In fact, complaints involving WorldCom outnumbered those attributable to all other carriers combined. For the period from November 28, 2001 through May 31, 2002, Ameritech Illinois received

² Over the same period, Ameritech Illinois has received a similar number of slamming allegations directed toward WorldCom, involving the slamming of local toll and long distance service. However, those allegations are not included in this Complaint.

1724 end-user complaints regarding all Illinois CLECs combined. 949 of those well over half were directed to WorldCom.

ANSWER: MCI lacks knowledge or information sufficient to form a belief as to the truth of the allegations of Paragraph 12 and therefore denies them. Responding further, MCI specifically denies that it has engaged in slamming or misleading sales practices, or that there is any underlying factual basis for Ameritech Illinois' First Amended Complaint.

13. Ameritech Illinois has attached to this complaint signed statements of several consumers who have volunteered to provide such statements, as illustrations of WorldCom's conduct. These are examples only, and the scope of this Complaint is not limited to those instances for which consumers have offered such statements.

ANSWER: MCI admits that Ameritech Illinois has attached to the First Amended Complaint what purport to be signed statements from consumers, but lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations of Paragraph 13 and accompanying attachments and therefore denies them. Responding further, MCI specifically denies that it has engaged in slamming or misleading sales practices, or that there is any underlying factual basis for Ameritech Illinois' First Amended Complaint.

14. In some cases, consumers have alleged that their accounts were changed even though WorldCom had never contacted them at all. In some cases, these consumers state that they first learned of the changes to their accounts when they received bills from WorldCom. Attachments 6 and 7 to this Complaint are the statements of consumers who have reported experiences of that sort. In other cases, consumers first learned of the changes to their accounts when they noticed changes in service, such as their voice mail not working. (Attachment 8). One customer first learned of the switch when, upon trying to call her doctor, she found she had been disconnected for non-payment, even though WorldCom had never sent her a bill. (Attachment 9).

ANSWER: MCI admits that Attachments 6, 7, 8 and 9 to the First Amended Complaint purport to be signed statements from consumers, but lacks knowledge or

information sufficient to form a belief as to the truth of the remaining allegations of Paragraph 14 and the accompanying Attachments 6, 7, 8, and 9 and therefore denies them. Responding further, MCI specifically denies that it has engaged in slamming or misleading sales practices, or that there is any underlying factual basis for Ameritech Illinois' First Amended Complaint.

15. In other cases, consumers have reported that they declined to change their service to WorldCom, but were induced to participate in the third-party verification process by deception. For example, consumers who simply requested information were told that they needed to complete the verification process to receive the information, and they were assured that completing the verification process would not result in any changes to their service. For example, as Attachment 10 to this complaint shows, one consumer reported the following experience:

On or about November 21st 2001, I received a phone call from Joel Addison (1 877-861-6612) from MCI. He told me that he would send me information on this great deal that MCI was supposed to have. He promised me that I had 30 days to decide and that if I didn't respond in 30 days I would be automatically switched. He then transferred me to another department and they said I would be switched in 5 – 7 days. I said that was not what I wanted, so they switched me back to Joel. He claimed that the department was different from him and that they didn't know what they were talking about. He promised me that nothing would take place before the 30 days was up. He then instructed me to just say yes to the questions the other department would ask and I would receive the information to look over.

ANSWER: MCI admits that Attachment 10 to the First Amended Complaint purports to be a signed statement from a consumer, but respectfully refers the Commission to Attachment 10 itself for an accurate statement of its content and denies the summary characterization of that statement contained in Paragraph 15, including the partial quotation from that attachment. Answering further, MCI specifically denies the allegations contained in Attachment 10, and denies the remaining allegations of Paragraph 15. Responding further, MCI specifically denies that it has engaged in slamming or misleading sales practices, or that there is any underlying factual basis for Ameritech Illinois' First Amended Complaint.

16. Consumers have also reported various forms of misleading sales pitches by WorldCom. These can be divided generally into two groups: misrepresentations regarding rates and misrepresentations regarding Ameritech Illinois. Once again, Ameritech Illinois has attached to this complaint signed statements of consumers who have volunteered to provide such statements, as illustrations of WorldCom's conduct. These are examples only, and the scope of this Complaint is not limited to those instances for which consumers have offered such statements.

ANSWER: MCI admits that Ameritech Illinois has attached to the First Amended Complaint what purport to be signed statements from consumers, but lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations of Paragraph 16 and accompanying attachments and therefore denies them. MCI respectfully refers the Commission to the referenced attachments themselves for an accurate statement of their contents and denies the summary characterization thereof contained in Paragraph 16. Responding further, MCI specifically denies that it has engaged in slamming, misleading sales practices, misrepresentations regarding rates or regarding Ameritech Illinois, or that there is any underlying factual basis for Ameritech Illinois' First Amended Complaint.

17. Of the 949 WorldCom complaints identified in Attachment 5, 247 involved misrepresentations regarding pricing. Ameritech Illinois has obtained signed customer statements to illustrate these allegations. For example, Attachments 11 and 12 to this Complaint are statements from consumers that were misled regarding the coverage of a WorldCom offer including unlimited local calling. In both cases, the consumers state that WorldCom represented that certain, specific calling areas were included at no additional charge within WorldCom's unlimited local calling. In both cases, these representations were false. As another example, Attachment 13 to this Complaint is the statement of a consumer whose WorldCom bills were more than twice as high as the WorldCom representative claimed they would be.

ANSWER: MCI admits that Ameritech Illinois has appended to the First Amended Complaint Attachments 11, 12 and 13, which purport to be signed statements from consumers, but lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations of Paragraph 17 and therefore denies them. MCI

respectfully refers the Commission to the Attachments 11, 12 and 13 themselves for an accurate statement of their contents and denies the summary characterization thereof contained in Paragraph 17. Responding further, MCI specifically denies that it has engaged in slamming, misleading sales practices, misrepresentations regarding rates or regarding Ameritech Illinois, or that there is any underlying factual basis for Ameritech Illinois' First Amended Complaint.

18. 30 of the complaints identified in Attachment 5 involve allegations of misrepresentations regarding Ameritech. These include claims that Ameritech is going out of business, that WorldCom is somehow affiliated with Ameritech, or that WorldCom is taking over Ameritech accounts. For example, Attachment 14 to this Complaint is the statement of a consumer who was told by a WorldCom representative that "Ameritech had lost a lawsuit" and that WorldCom was therefore "taking over Ameritech." As a result, the WorldCom representative claimed, WorldCom was contacting Ameritech customers in good standing and senior citizens to switch their service to WorldCom. Similarly, Attachment 15 to this Complaint is the statement of a consumer who was told by a WorldCom representative that WorldCom was taking over Ameritech "in this part of the country."

ANSWER: MCI admits that Ameritech Illinois has appended as Attachments 14 and 15 to the First Amended Complaint what purport to be signed statement from consumers, but lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations of Paragraph 18 and therefore denies them. MCI respectfully refers the Commission to the Attachments 14 and 15 themselves for an accurate statement of their contents and denies the summary characterization thereof contained in Paragraph 18. Responding further, MCI specifically denies that it has engaged in slamming, misleading sales practices, misrepresentations regarding rates or regarding Ameritech Illinois, or that there is any underlying factual basis for Ameritech Illinois' First Amended Complaint.

19. Other evidence also suggests that WorldCom has a serious, nation-wide slamming problem. For example:

- A. In June 2000, WorldCom entered into a consent decree to resolve what the FCC characterized as a "large number of consumer complaints" regarding slamming. Through that consent decree, WorldCom agreed to pay \$3.5 million and "to strengthen its slamming compliance and monitoring policies." In re MCI WorldCom Communications, Inc., 15 FCC Rcd. 12181 (June 6, 2000). Notwithstanding the commitments included in that consent decree, WorldCom has been subject to more than a dozen subsequent FCC orders regarding slamming, as alleged below.
- B. During 2001, the FCC entered four more orders involving slamming allegations against WorldCom. Three of those orders addressed seven, twelve and six individual complaints, respectively. In re WorldCom, 16 FCC Rcd. 13899 (July 21, 2001) (one complaint); In re MCI WorldCom, Inc., 16 FCC Rcd. 15172 (Aug 10, 2001) (seven complaints); In re WorldCom, Inc., 16 FCC Rcd. 18847 (Oct. 26, 2001) (twelve complaints); In re WorldCom, Inc., 16 FCC Rcd. 21886 (Dec. 14, 2001) (six complaints).
- C. In March 2002, the FCC entered eight more orders finding WorldCom guilty of slamming, two of which involved multiple individual complaints. In re WorldCom, Inc., Release No. DA 02-618 (March 18, 2002) (five complaints); In re WorldCom, Inc., Release No. DA 02-623 (March 19, 2002) (three complaints); In re WorldCom, Inc., Release No. DA 02-627 (March 19, 2002); In re WorldCom, Inc., Release No. DA 02-628 (March 19, 2002); In re WorldCom, Inc., Release No. DA 02-655 (March 20, 2002); In re WorldCom, Inc., Release No. DA 02-656 (March 20, 2002); In re WorldCom, Inc., Release No. DA 02-657 (March 20, 2002); In re WorldCom, Inc., Release No. DA 02-658 (March 20, 2002).
- D. And most recently, on June 21, 2002, the FCC entered an order finding WorldCom guilty in another fifteen individual slamming complaints. In re WorldCom, Inc., Release No. DA 02-1450 (June 21, 2002).
- E. In March of this year, USA Today reported that WorldCom was the number one generator of FCC slamming complaints, despite ranking a distant second to AT&T in long-distance market share. (Attachment 16).
- F. Also in March of this year, WorldCom paid \$8.5 million and also committed to make changes in its sales and marketing practices, to settle a lawsuit brought by the Attorney General of California. The lawsuit alleged, among other things, that WorldCom "routinely" engaged in slamming. (Attachments 17 and 18).

G. And in May 2002, WorldCom agreed to pay \$245,000 to settle a Texas Public Utility Commission proceeding including slamming allegations. Texas P.U.C. Dkt. 23370.

The persistent nature of WorldCom's slamming offenses, even after commitments purportedly intended to prevent slamming, demonstrate a deeply ingrained slamming problem at WorldCom.

ANSWER: MCI admits the existence of the various proceedings listed in subparts A through G of Paragraph 19, and respectfully refers the Commission to the records of each of those proceedings and to Attachment 18 for an accurate statement of their contents and denies the summary characterizations thereof contained in Paragraph 19 and accompanying Attachments 16 and 17. MCI denies the remaining allegations of Paragraph 19. Responding further, MCI specifically denies that it has engaged in slamming, misleading sales practices, misrepresentations regarding rates or regarding Ameritech Illinois, or that there is any underlying factual basis for Ameritech Illinois' First Amended Complaint.

20. Other evidence also suggests that WorldCom systematically engages in overly aggressive and misleading sales and marketing practices. For example:

A. In the California lawsuit noted above, plaintiffs alleged that, in addition to slamming, WorldCom was guilty of concealing the actual rates charged for its services through misleading sales and marketing claims. The resulting settlement required WorldCom to make significant changes in its advertising, and in the conduct of its sales representatives. The California lawsuit was only one of several, similar lawsuits. Others were filed by the states of Connecticut, Maine, Minnesota, Missouri and New Jersey. (Attachment 20 [sic]).

B. Similarly, on February 21, 2002, WorldCom, along with AT&T and Sprint, paid \$1.5 million to settle allegations of misleading marketing claims brought on behalf of the District of Columbia and 23 states, including Illinois. (Attachment 21 [sic]).

ANSWER: MCI admits the existence of the various proceedings listed in subparts A and B of Paragraph 20, and respectfully refers the Commission to the records of each of

those proceedings for an accurate statement of their contents and denies the summary characterizations thereof contained in Paragraph 20 and accompanying Attachments 19 and 20. MCI denies the remaining allegations of Paragraph 20. Responding further, MCI specifically denies that it has engaged in slamming, misleading sales practices, misrepresentations regarding rates or regarding Ameritech Illinois, or that there is any underlying factual basis for Ameritech Illinois' First Amended Complaint.

21. Ameritech Illinois has suffered significant damages as a result of WorldCom's conduct including, without limitation, lost revenue.

ANSWER: MCI denies the allegations of Paragraph 21.

III. INDIVIDUAL COUNTS

Count 1 Slamming

22. Slamming violates Sections 13-514(5) and (6) of Act. 220 ILCS 5/13-514(5)-(6). Section 13-514(5) provides that a telecommunications carrier commits anti-competitive conduct by "unreasonably refusing or delaying access by refusing or delaying access by any person to another telecommunications carrier." *Id.* at 5/13-514 (5). Slamming has the effect of preventing or delaying access by end users to their carriers of choice and therefore violates that provision. Section 13-514 (6) provides that a telecommunications carrier acts anti-competitively by "unreasonably acting or failing to act in a manner that has a substantial adverse effect on the ability of another telecommunications carrier to provide service to its customers." *Id.* at 13-514 (6). Slamming has the effect of preventing the actual carrier of choice from serving the slammed customers and therefore also violates that provision. As a result, WorldCom's conduct violates Sections 13-514(5) and (6) of the Act.

ANSWER: MCI admits that Paragraph 22 correctly quotes Sections 13-514(5) and 13-514(6) of the Illinois Public Utilities Act ("IPUA"), and respectfully refers the Commission to the full text of the IPUA for an accurate statement of its contents and context and denies the summary characterizations thereof contained in Paragraph 22.

MCI further denies that it has violated the IPUA and denies the remaining allegations of Paragraph 22.

Count 2 Slamming

23. Slamming violates Section 13-902(c)(2) of the Public Utilities Act. 220 ILCS 5/13-902(c)(2). Section 13-902(c)(2) provides, “No submitting carrier³ shall submit a change on the behalf of a subscriber in the subscriber’s selection of a provider of telecommunications service prior to obtaining: (A) authorization from the subscriber; and (B) verification of that authorization in accordance with the procedures prescribed in this Section.” *Id.* at 5/13-902(c)(2). WorldCom has violated that provision in one or more of the following ways: (A) by failing to obtain the authorization of the customer of record for the change, (B) by failing to obtain proper verification of the change, and (C) by obtaining the customer’s authorization and/or verification by deception or other improper means. The Act specifically permits a slamming complaint to be filed “by a subscriber’s authorized telecommunications carrier that has been removed as a subscriber’s telecommunications carrier in a manner not in compliance with” the Act. *Id.* at 5/13-902(g).⁴

ANSWER: MCI admits that Paragraph 23 correctly quotes portions of Sections 13-902(c)(2) and 13-902(g) of the Illinois Public Utilities Act (“IPUA”), but denies that it quotes these sections in their entirety, and respectfully refers the Commission to the full text of the IPUA for an accurate statement of its contents and denies the summary characterizations thereof contained in Paragraph 23. MCI further denies that it has violated the IPUA and denies the remaining allegations of Paragraph 23.

Count 3 Slamming

24. Slamming violates Section 9-250 of the Act. 220 ILCS 5/9-250. Section 9-250 proscribes, among other things, any unjust or unreasonable practices related to

³ WorldCom is a “submitting carrier” within the meaning of Section 13-902 of the Public Utilities Act. See 220 ILCS 5/13-902 (a)(1).

⁴ Pursuant to the FCC’s First Order on Reconsideration regarding federal slamming rules, Illinois end user complaints regarding slamming are referred to the FCC, rather than to the Commission. This is so because Illinois has not opted into the FCC’s slamming rules. See First Order on Reconsideration, In re Implementation of Subscriber Carrier Selection Provisions of the Telecommunications Act of 1996, CC Dkt. No. 94-129, ¶¶ 23-28 (May 3, 2000) (the “First Order on Reconsideration”). However, the federal rules do not affect the Commission’s authority to adjudicate this dispute. 47 U.S.C. § 258 (Section 258 of Telecommunications Act does not pre-empt state enforcement of slamming laws); see also First Order on Reconsideration at ¶ 28 (same).

utility services. Id. That provision is “fully and equally applicable to competitive telecommunications rates and services, and the regulation thereof.” Id. at 5/13-101. Because slamming deprives consumers of their right to choose their service providers, it is unjust and unreasonable within the meaning of Section 9-250. Slamming is also an unreasonable practice, as it violates Section 13-902 of the Act (220 ILCS 5/13-902), Section 2DD of the Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505/2DD and Section 258 of the Communications Act of 1934 as amended by the Telecommunications Act of 1996 (47 U.S.C. § 258). As a result, WorldCom’s conduct is unreasonable within the meaning of Section 9-250 of the Act.

ANSWER: MCI admits that Paragraph 24 correctly quotes a portion of Sections 13-101 of the Illinois Public Utilities Act (“IPUA”), and references other provisions of the IPUA, the Illinois Consumer Fraud and Deceptive Trade Practices Act (“ICFDTPA”) and the Telecommunications Act of 1996 (“TA96”), but denies that Paragraph 24 quotes and/or references these sections in their entirety, and respectfully refers the Commission to the full text of the IPUA, ICFDTPA and TA96 for an accurate statement of their contents and denies the summary characterizations thereof contained in Paragraph 24. MCI further denies that it has violated the IPUA, ICFDTPA and TA96 and denies the remaining allegations of Paragraph 24.

Count 4 Misleading Marketing Practices

25. This Commission has ruled that “misleading or deceptive marketing practices can harm all customers, by inflicting economic harm on those customers who are actually misled, by sowing confusion in the marketplace, and by diminishing the market-wide benefits associated with efficient and fair competition.” Citizens Utility Bd. v. Illinois Bell Telephone Co., Ill. C.C. Dkt. 00-0043, p.11 (Jan. 24, 2001). As a result, the Commission has ruled that “the same marketing practices can be both deceptive and anti-competitive and, in turn, unjust and unreasonable practices under the Public Utilities Act.” Id. Because WorldCom’s deceptive and misleading marketing practices interfere with fair and efficient competition, WorldCom’s conduct violates Section 13-514 of the Act.

ANSWER: MCI admits that Paragraph 25 appears to correctly quote portions of a Commission order in Citizens Utility Bd. v. Illinois Bell Telephone Co., Ill. C.C. Dkt. 00-0043 (Jan. 24, 2001), but denies that it quotes this order in its entirety, and respectfully

refers the Commission to the full text of said order for an accurate statement of its contents and denies the summary characterizations thereof contained in Paragraph 25. MCI further denies that it has violated either the order in Citizens Utility Bd. v. Illinois Bell Telephone Co., Ill. C.C. Dkt. 00-0043 (Jan. 24, 2001) or the IPUA, and denies the remaining allegations of Paragraph 25.

Count 5 Misleading Marketing Practices

26. For the same reasons as those set forth in Count 4, WorldCom's conduct is unreasonable within the meaning of Section 9-250 of the Act.

ANSWER: MCI denies the allegations of Paragraph 26.

IV. PROCEDURAL MATTERS

27. As set forth in Paragraphs 9 and 10, above, Ameritech Illinois has provided WorldCom with 48 hours' notice and an opportunity to correct the situation complained of. However, WorldCom has failed to correct the situation. The filing of this Complaint therefore complies with Section 13-515(c) of the Act and Section 766.110(a) of the Commission's Rules of Practice. 220 ILCS 5/13-515(c); 83 Ill. Admin. Code § 766.110(a).

ANSWER: MCI denies the allegations of Paragraph 27.

28. Pursuant to Section 766.15(a) of the Commission's Rules of Practice, Ameritech Illinois is willing to waive the statutory time limits set forth in Section 13-515(d) of the Act, provided the parties are able to agree to a mutually satisfactory schedule. If no such agreement can be reached, however, Ameritech Illinois reserves the right to follow the statutory procedural schedule. See 220 ILCS 5/13-515(d); 83 Ill. Admin. Code § 766.15(a).

ANSWER: Because Ameritech Illinois' filing of the First Amended Complaint did not comply with applicable law, MCI denies that Ameritech Illinois has any right to demand compliance with the referenced statutory procedural schedule, and denies the remaining allegations of Paragraph 28.

29. Ameritech Illinois does not waive the statutory time limits set forth in Section 13-515(e), governing emergency relief. See 220 ILCS 5/13-515(e); 83 Ill. Admin. Code § 766.100(a).

ANSWER: Because Ameritech Illinois' filing of the First Amended Complaint did not comply with applicable law, MCI denies that Ameritech Illinois has any right to demand compliance with the referenced statutory time limits governing emergency relief, and denies the remaining allegations of Paragraph 29.

V. RELIEF

THEREFORE, Ameritech Illinois requests that the Commission enter an order finding that WorldCom has violated Sections 13-514, 13-902 and 9-250 of the Act and providing for the following relief:

A. Order WorldCom to cease and desist all slamming and misleading marketing practices. In particular, the Commission should require WorldCom immediately to instruct all of its sales representatives, its third-party verification representatives, and the sales and third-party verification representatives of any third-party vendors performing such functions on WorldCom's behalf, to refrain from any of the following conduct: (1) failing to obtain the customer's authorization of any account changes prior to execution of a letter of authorization or an electronic authorization, or prior to commencing the third-party verification process; (2) obtaining a letter of authorization, an electronic authorization, or a third-party verification from any customer who has not agreed to account changes requiring such authorization or verification; (3) failing to confirm explicitly with the end user all account changes to be authorized or verified as a part of the authorization or verification process; (4) making any representations regarding pricing or customers' savings or potential savings in any manner inconsistent with the requirements of sections C through H of the March 7, 2002 consent decree entered into by WorldCom in People of the State of California v. WorldCom Communications, Inc. (Attachment 18); and (5) making any representation stating or implying that Ameritech Illinois is going out of business, that Ameritech Illinois is in any way affiliated with WorldCom, or that WorldCom is assuming any of Ameritech Illinois' accounts, or conveying any other false or misleading impression regarding Ameritech Illinois or any of its affiliates. In addition, the Commission should require WorldCom to immediately take such actions with respect to the management, training, supervision and discipline of such representatives as will ensure the effectiveness of

such emergency relief. WorldCom should also be instructed to file a report with the Commission, and serve a copy on Ameritech Illinois, describing in detail the measures taken to ensure the effectiveness of such emergency relief, within fourteen days of the issuance of the Commission's emergency order.

ANSWER: MCI denies that Ameritech Illinois is entitled to the requested relief.

B. Order WorldCom to conduct a thorough root cause analysis of its authorization and verification processes for carrier changes and its sales and marketing practices, including a thorough evaluation of the types of violations alleged above. That analysis should include, without limitation, WorldCom's scripts, methods and procedures, training, compensation and monitoring relative to its sales, authorization and verification processes. The analysis should be provided to both Commission Staff and Ameritech Illinois. Staff should review the analysis in consultation with Ameritech Illinois, and should provide a report to the Commission identifying such measures as are necessary to resolve the problems.

ANSWER: MCI denies that Ameritech Illinois is entitled to the requested relief.

C. Order WorldCom to notify all Illinois customers whose local, toll or long-distance service WorldCom has won since January 1, 2002 that WorldCom has been found to have engaged in slamming and deceptive marketing practices and to provide those customers with a toll-free number for the purpose of returning customers to their carrier(s) of choice and making such other changes to customers' accounts at the customers request. Such notice should be served in advance of publication on both Ameritech Illinois and the Staff of the Commission, and should be subject to Staff's approval prior to publication.

ANSWER: MCI denies that Ameritech Illinois is entitled to the requested relief.

D. Order WorldCom to refund to end users that have been slammed all fees and charges for services up to the time that such end users received written notice that WorldCom was providing telecommunications services to them. To the extent WorldCom has unreasonably delayed returning such end users to their chosen carrier, WorldCom should also refund all fees and charges during such period of unreasonable delay.

ANSWER: MCI denies that Ameritech Illinois is entitled to the requested relief.

E. Order WorldCom to refund to all end users that have been slammed all charges in excess of those that would have been charged by their authorized carriers, regardless of the notice or delay period referred to in paragraph D, above.

ANSWER: MCI denies that Ameritech Illinois is entitled to the requested relief.

F. Order WorldCom to pay a fine of \$1000 for each customer it has slammed.

ANSWER: MCI denies that Ameritech Illinois is entitled to the requested relief.

G. Order WorldCom to pay damages to Ameritech Illinois.

ANSWER: MCI denies that Ameritech Illinois is entitled to the requested relief.

H. Order WorldCom to pay Ameritech Illinois' attorneys' fees and costs in pursuing this complaint.

ANSWER: MCI denies that Ameritech Illinois is entitled to the requested relief.

I. Order WorldCom to reimburse the Commission's costs associated with this Complaint.

ANSWER: MCI denies that Ameritech Illinois is entitled to the requested relief.

MCI'S AFFIRMATIVE DEFENSES

First Affirmative Defense

Ameritech Illinois' First Amended Complaint fails to state a claim upon which relief can be granted.

Second Affirmative Defense

Ameritech Illinois has failed to comply with the requirements of Section 13-515.

Third Affirmative Defense

Ameritech Illinois has failed to comply with Federal Communications Commission requirements concerning notice of alleged slamming and therefore has not fulfilled a condition precedent to bringing a slamming complaint.

Fourth Affirmative Defense

Ameritech has failed to act in good faith in bringing this complaint in that it failed to comply with FCC slamming rules and failed to provide information that would have

allowed MCI to conduct a reasonable inquiry and investigation of Ameritech's slamming and misleading and deceptive marketing allegations.

Fifth Affirmative Defense

MCI reserves the right to assert additional affirmative defenses that may become applicable.

PRAYER FOR RELIEF

WHEREFORE, requests that this Administrative Law Judge and the Commission grant it the following relief:

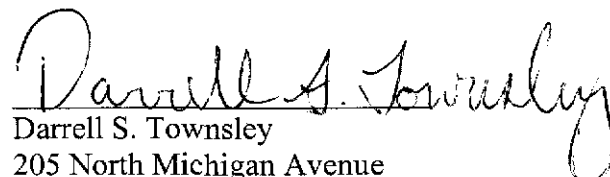
- (a) That the Judge enter judgment in favor of MCI and against Ameritech Illinois on Ameritech Illinois' First Amended Complaint;
- (b) That the Judge and the Commission assess the costs of investigation and conduct of this proceeding against Ameritech Illinois pursuant to Section 13-515(g) of the IPUA and Section 766.400 of the Commission's Rules;
- (c) That the Judge and the Commission award MCI attorneys fees and such other and further relief as the Judge and the Commission deem just and proper.

Dated: July 9, 2002

Respectfully submitted,

**MCI WorldCom Communications, Inc.,
MCI metro Access Transmission Services,
INC., and MCI WorldCom
Communications, Inc. f/k/a MFS Intelenet**

By:



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Fax: 312.470.5571

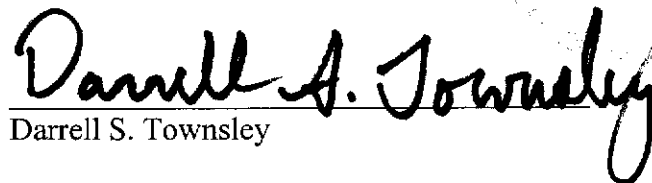
E-mail: **Darrell.Townsley@wcom.com**

One of Their Attorneys


STATE OF ILLINOIS)
)
COUNTY OF COOK) SS

AFFIDAVIT

Darrell S. Townsley, being first duly sworn, deposes and states that he is an attorney representing MCI WorldCom Communications, Inc., MCImetro Access Transmission Services, Inc., and MCI WorldCom Communications, Inc. f/k/a MFS Intelenet, that he has read the Verified Answer and Affirmative Defenses of these entities in Docket No. 02-0443, and knows the contents thereof, and that the statements therein contained are true, to the best of his knowledge, information and belief. Affiant further states that each allegation in the Verified Answer that indicates that MCI lacks sufficient knowledge to form a belief as to the veracity of the allegations contained in the Complaint are true.


Darrell S. Townsley

SUBSCRIBED AND SWORN to
before me this 9th day of July, 2002.



Notary Public

My commission expires on August 9, 2005

